

Indesit Company UK Holdings Limited

Annual Report and Financial Statements

Registered number 04372979

For the year ended 31 December 2018

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COMPANIES HOUSE

Officers and professional advisors

Directors

Andrzej Tuleja
Zoltan Varga

Secretary

Tetiana Pidhaina

Registered Office

Morley Way
Peterborough
Cambridgeshire
PE2 9JB

Bankers

Citibank
25 Canada Square
Canary Wharf
London
E14 5LB

Solicitors

Taylor Wessing
5 New Square
London
EC4A 3TW

Auditor

Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Registration number

04372979

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Strategic Report

As required by the amendments to the Companies Act 2006 the directors of Indesit Company UK Holdings Limited ("the Company") present their annual report containing a Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2018.

Principal activity

Indesit Company UK Holdings Limited is a holding company of a group of fellow group undertakings.

The principal activities of the key subsidiaries ("the Group") are the manufacture, sale, delivery, and service of domestic appliances mainly in the UK and Irish markets but also in France. Its three core brands Hotpoint, Indesit and Whirlpool give the Group the largest market share of domestic appliances in the UK and Ireland. The Group's product portfolio include cooking, laundry, refrigeration, tumble dryers, dishwashers and small domestic appliances, with the majority being sourced from the Whirlpool Corporation factories in Italy, Poland and Turkey along with tumble dryers manufactured at Yate in the UK. The UK and Irish operations are undertaken from the Whirlpool UK Appliances Limited's head office in Peterborough, UK.

Whirlpool France SAS an indirect subsidiary undertaking, operates from its head office in Paris and distributes products under three brands being, Hotpoint, Indesit and Scholtes. It also sources the appliances sold from the Whirlpool Corporation factories in Italy, Poland and Turkey along with tumble dryers manufactured in France.

The Group also delivers appliances direct to the end consumer through its warehouse satellite network. The Group controls its UK service organisation and UK service engineers through its office in Peterborough which also operates as a call centre and its French service organisation from Paris.

Business review and future developments

The Company made a loss in the year of €73,320,000 (2017: €74,168,000) primarily as a result of interest costs from a number of group financing loans and an impairment charge of €67,355,000 on the Company's indirect investment in Whirlpool France Holdings SAS. The prior year loss was primarily as a result of interest costs from a number of group financing loans and an impairment charge of €66,788,000 on the Company's indirect investment in Whirlpool UK Appliances Limited.

The directors expect the activities of the Company and its subsidiaries to continue in the foreseeable future.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are as follows:

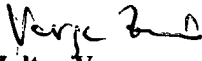
Performance of subsidiary undertakings

The Company's strategy includes the holding of investments in subsidiary undertakings and maximising the return on its investments. There is a risk that the trading subsidiaries may be affected by external factors which could lead to indicators of impairment in the investment held. Rigorous monitoring of each of the subsidiary's performance is undertaken by the directors and where appropriate formal impairment reviews are undertaken when impairment indicators arise.

Cash flow and liquidity risk

Cash flow risk for the Company is managed at the Whirlpool Corporation level through its European centralised treasury function. Cash is transferred to the Company from other group undertakings as and when required

By order of the board


Zoltan Varga
Director

Morley Way
Peterborough
Cambridgeshire
PE2 9JB

Date: 27 September 2019

Directors' report

The directors present their Annual Report and Financial Statements of the Company for the year ended 31 December 2018.

Results and dividends

The loss for the year after taxation amounted to €73,320,000 (2017: €74,168,000). The directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: £nil).

Directors

The directors who held office during the year and to the date of this report, except as stated otherwise, were as follows:

Andrzej Tuleja	(appointed 1 February 2018)
Lucianna Raffaini	(resigned 31 May 2019)
Maurizio Pettorino	(resigned 1 February 2018)
Zoltan Varga	(appointed 31 May 2019)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares and debentures of the Company.

Accounting policies and adoption of international financial reporting standards - IFRSs

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards – IFRSs adopted by the European Union (hereafter referred to as either IFRS or IAS).

Consolidated Financial Statements

The Company elects not to prepare consolidated financial statements in accordance with IAS 27, paragraph 42. The ultimate parent company is Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America and its consolidated financial statements are available to the public and may be obtained from www.whirlpool.com.

Approach taken

All amounts are stated in €000 (except where stated otherwise). All comparisons in the remainder of the Directors' Report, the Strategic Report and in the financial statements have been made with respect to information for the prior year (indicated within brackets). Percentages (margins and changes) are determined with reference to amounts stated in €000.

Going concern

The Company's business activities, future developments and principal risk and uncertainty are set out in the Strategic Report on page 1. The Company is expected to continue to generate positive cash flows through dividends from its subsidiaries. The Company also participates in the Whirlpool Corporation European centralised treasury arrangement with Indesit Company International Business S.A.

The directors, having received a letter of support from Whirlpool Corporation for financial support for the foreseeable future, being at least 12 months from the date of approval of these financial statement, and based upon the responses of the directors of the Company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Whirlpool Corporation to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position, having received a letter of support from the ultimate parent company and of the enquiries made of the directors of Whirlpool Corporation, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' report *(continued)*


Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board



Zoltan Varga
Director

Morley Way
Peterborough
Cambridgeshire
PE2 9JB

Date: 27 September 2019

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Indesit Company UK Holdings Limited

Opinion

We have audited the financial statements of Indesit Company UK Holdings Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



*Andy Clewer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton*

30/9/19

Statement of comprehensive income
for the year ended 31 December 2018

	<i>Notes</i>	2018 €000	2017 €000
General administrative expenses	3	-	(36)
Operating loss		-	(36)
Amounts written off investments	7	(67,355)	(66,788)
Net financial charges	5	(6,104)	(9,280)
Loss on ordinary activities before tax		(73,459)	(76,104)
Tax on loss on ordinary activities	6	139	1,936
Loss for the financial year being total comprehensive income		(73,320)	(74,168)

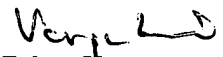
All amounts relate to continuing activities.

The Company has no recognised gains or losses other than the loss for the current year and the loss for the prior year as set out above and therefore no statement of total comprehensive income is presented.

Statement of financial position
at 31 December 2018

	<i>Notes</i>	2018 €000	2017 €000
Assets			
Non-current assets			
Investments in subsidiary undertakings	7	233,077	300,432
Non-current receivables	8	27,912	28,136
Total non-current assets		260,989	328,568
Current financial assets			
Cash on hand	9 10	115 4	25 -
Total current assets		119	25
Total assets		261,108	328,593
Equity			
Share capital	11	163,000	163,000
Share premium	11	388,218	388,218
Retained earnings		(706,729)	(633,409)
Total equity		(155,511)	(82,191)
Liabilities			
Non-current liabilities			
Non-current financial payables	12	360,725	360,190
Non-current other payables	13	280	280
Total non-current liabilities		361,005	360,470
Current liabilities			
Bank overdrafts	10	49,305	47,866
Financial payables	14	6,309	2,448
Total current liabilities		55,614	50,314
Total liabilities		416,619	410,784
Total equity and liabilities		261,108	328,593

The Annual Report and Financial Statements were approved and authorised for issue by the board of directors on 27 September 2019 and were signed on its behalf by:


Zoltan Varga
Director
Company registration number: 04372979

Statement of cash flows
for the year ended 31 December 2018

	<i>Notes</i>	2018 €000	2017 €000
Loss for the financial year		(73,320)	(74,168)
Tax on loss on ordinary activities	6	(139)	(1,936)
Net financial charges	5	6,104	9,280
Amounts written off investments	7	67,355	66,788
Foreign exchange		181	94
		<hr/>	<hr/>
Cash flow absorbed by operating activities		181	58
		<hr/>	<hr/>
Payment of interest and other financial charges		(1,616)	(10,729)
Loan repaid to Merloni Domestic Appliances Limited		-	(21,303)
		<hr/>	<hr/>
Cash flow absorbed from financing activities		(1,616)	(32,032)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(1,435)	(31,974)
Cash and cash equivalents, at the start of the year	10	(47,866)	(15,892)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	10	(49,301)	(47,866)
		<hr/>	<hr/>

Statement of changes in equity
at 31 December 2018

	Note	Share capital €000	Share premium €000	Retained Earnings €000	Total equity €000
Balance at 1 January 2017		182,043	369,175	(559,241)	(8,023)
Capital reduction and transfer to reserves	11	(19,043)	19,043	-	-
Loss for the financial year being total comprehensive income		-	-	(74,168)	(74,168)
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017		163,000	388,218	(633,409)	(82,191)
Loss for the financial year being total comprehensive income		-	-	(73,320)	(73,320)
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018		163,000	388,218	(706,729)	(155,511)
		<hr/>	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Company activities

Indesit Company UK Holdings Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England.

Going concern

The Company's business activities, future developments and principal risk and uncertainty are set out in the Strategic Report on page 1. The Company is expected to continue to generate positive cash flows through dividends from its subsidiaries. The Company also participates in the Whirlpool Corporation European centralised treasury arrangement with Indesit Company International Business S.A.

The directors, having received a letter of support from Whirlpool Corporation for financial support for the foreseeable future, being at least 12 months from the date of approval of these financial statement, and based upon the responses of the directors of the Company's ultimate parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Whirlpool Corporation to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position, having received a letter of support from the ultimate parent company and of the enquiries made of the directors of Whirlpool Corporation, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Declaration of compliance with international accounting standards

The financial statements of the Company have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") and their interpretations as endorsed by the EU and effective at 31 December 2017.

Basis of preparation

The currency of presentation of the financial statements is the Euro (€) and the financial statement balances are stated in thousands of euros (€000) (except where stated otherwise). The financial statements are prepared on an historical cost basis with financial derivatives at fair value. There are no financial assets that will be held to maturity. Financial transactions are recorded with reference to the trade date.

Consolidated financial statements

The Company elects not to prepare consolidated financial statements in accordance with IAS 27, paragraph 42. The ultimate parent company is Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America and its consolidated financial statements are available to the public and may be obtained from www.whirlpool.com.

Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

Accounting estimates

The preparation of financial statements involves making assumptions and estimates that affect the value of assets and liabilities and the related explanatory information, as well as the value of contingent assets and liabilities at the reference date.

These estimates are used to value the non-current assets subject to impairment, as well as to record provisions for doubtful trade receivables, taxation, and risks and charges.

Notes *(continued)*

1 Accounting policies *(continued)*

Accounting estimates *(continued)*

At the year end the directors undertook a formal impairment review in accordance with IAS 36 "Impairment of assets" of the carrying value of the investments through a comparison of the carrying value of each investment to its recoverable amount (based upon the higher of the value in use and the fair value less costs to disposal).

The value in use for the investments in General Domestic Appliances Holdings Limited and Merloni Domestic Appliances Ltd were calculated based upon discounted cash flows for the respective trading subsidiaries which included key assumptions of 10.0% discount rate, foreign exchange rate from Sterling to Euro of 1.118, Earnings before Interest and Tax margin of 2.6% and revenue growth assumptions of 2.0% per annum. As a result of the review the directors determined that the investment carrying values in General Domestic Appliances Holdings Limited and Merloni Domestic Appliances Ltd did not require an impairment.

The value in use for the investment in Whirlpool France Holdings SAS was calculated based upon discounted cash flows for the respective trading subsidiaries which included key assumptions of 10.0% discount rate, Earnings before Interest and Tax margin of 1.0% and revenue growth assumptions of 2% per annum.. As a result of the review the directors determined that the investment carrying value in Whirlpool France Holdings SAS were impaired by €67,355,000.

Treatment of foreign currency transactions and balances

All transactions are recorded in the functional currency of the principal operating environment in which the Company operates being Euros. Transactions not carried out in the functional currency of the Company are translated to this currency using the exchange rates applying at the time of the related transactions. Monetary assets and liabilities are translated using the exchange rates applying on the accounting reference date and any exchange differences are recorded in the statement of comprehensive income. The non-monetary assets and liabilities recorded at historical cost in the foreign currencies concerned are translated using the historical rates applying at the time of the related transactions. The non-monetary assets and liabilities stated at fair value in the foreign currencies concerned are translated using the exchange rates applying at the time that their fair value was determined.

Other current and non-current financial assets

Financial assets held for trading are classified as current assets and measured at fair value, with recognition of any profits or losses in the statement of comprehensive income. Securities and other financial assets classified as available for sale are stated at their fair value. Gains and losses deriving from fair-value measurement are recognised directly, except for impairment losses and exchange rate losses which are charged to the statement of comprehensive income. The deferred gains and losses recognised in equity are released to the statement of comprehensive income at the time of sale.

Receivables maturing beyond one year that do not earn interest or which earn interest at below market rates are discounted using market rates.

The interest earned on financial assets, determined using the effective interest method is booked through the statement of comprehensive income. The fair value of financial assets held for trading and those available for sale is represented by their market price at the balance sheet date.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Cash and cash equivalents

Cash and cash equivalents are recorded at nominal value, comprise cash on hand, bank deposits and cash deposits/overdrafts held by Indesit Company International Business S.A. as part of the Whirlpool Corporation European centralised treasury arrangement.

Notes (continued)

1 Accounting policies (continued)

Impairment of assets

At each reporting date, the Company subjects the book value of investments to impairment testing if events suggest that they may have suffered a loss in value. If the test shows that the recorded assets or a cash generating unit (CGU) have suffered a loss in value, their recoverable value is estimated and the excess carrying value is charged to the statement of company income. The loss in value of a CGU is allocated first against the related goodwill, if any, and then against the value of other assets. The recoverable value of investments in securities held to maturity and receivables recorded at amortised cost is represented by the present value of future cash flows discounted using the effective interest rate determined at the time of initial recognition. Current receivables are not discounted and the recoverable value of other assets is represented by their selling price, or if greater, by their value in use determined by discounting estimated future cash flows using a market rate. Any losses in the value of securities held to maturity and receivables stated at amortised cost are written back if any subsequent increases in their recoverable value can be determined on an objective basis. If the loss in value of an individual asset cannot be determined, the Company identifies the loss in the value of the CGU to which it belongs.

Share capital

Share capital is recorded at nominal value. Dividends are recognised through the statement of changes in equity in the year in which they are paid.

Income and expenditure

Expenses

The costs of purchasing goods and services are recorded when the amounts concerned can be determined reliably. The costs of purchasing goods are recognised on delivery which, under the terms of current contracts, marks the time when the related risks and benefits are transferred. The costs of services are recorded on an accruals basis with reference to the time they are received.

Net financial charges

Net financial charges include the interest expense accrued on all forms of loan, all interest receivable for loans to other group undertakings and interest received from cash and cash equivalents, dividends and exchange gains and losses, as well as the economic effects recorded in the statement of comprehensive income of valuing the transactions that hedge interest rate and exchange rate risks.

Taxation

Income taxes are recorded in the statement of comprehensive income, except for those relating to transactions reflected directly in shareholders' equity, which are also recorded in shareholders' equity. Income taxes include current taxes and the adjustments to deferred tax assets and liabilities. Current taxes are based on an estimate of the amount that the Company expects to pay by multiplying the taxable income by the tax rate in force on the accounting reference date.

Deferred tax assets and liabilities are recorded using the liability method, considering all the timing differences that emerge between the fiscal value of assets and liabilities and their carrying values in the financial statements.

Deferred tax assets and liabilities are not recognised in relation to goodwill or those assets and liabilities that do not affect taxable income. The recoverability of deferred tax assets is verified at the end of every period. If it is not likely the deferred tax asset will be recovered, the tax asset is charged back to the statement of comprehensive income. Deferred taxation is recorded using the tax rates expected to be in force for the tax periods in which the related timing differences are forecast to reverse or expire.

Deferred tax assets are recorded to the extent it is considered likely that future taxable income will be sufficient to recover such taxes.

Notes (continued)

1 Accounting policies (continued)

Changes in accounting policies, changes in accounting estimates and reclassifications

Apart from the matters described in the earlier paragraph "Declaration of compliance with international accounting standards, the Company has not made any changes to the accounting policies in the current financial year. Furthermore, no revised or new accounting standards have been issued by the International Accounting Standards Board (IASB) or interpretations released by the International Financial Reporting Interpretations Committee (IFRIC), effective from 1 January 2017, that have a significant impact on these financial statements.

IFRS9 Financial Instruments was issued in July 2014 and replaces IAS39 Financial Instruments Recognition and Measurement. The new standard revises an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. The new standard also amends certain disclosure requirements associated with the fair value of financial instruments. We adopted this new standard in the first quarter of 2018 and did not have a material impact on our financial statements.

2 Financial risk management

The Company is exposed to the following principal financial risks deriving from operations:

- Liquidity risk
- Currency risk
- Credit risk

As required by IFRS 7, the following qualitative and quantitative information is provided about the impact of these risks on the Company. The quantitative data deriving from the sensitivity analysis has no value for forecasting purposes and, with regard to the various market risks, cannot reflect the complexity of the market reactions correlated with each change in the assumptions made.

Liquidity risk

The Company defines the liquidity risk as the risk that the Company may be unable to meet its obligations on a timely basis. This risk has two main components:

- funding risk: the risk of not being able to meet financial obligations on the due dates and/or being unable, on a timely basis, to obtain the necessary liquidity on market terms; and
- market risk: the risk that the Company is unable to realise financial investments on a timely basis and on market terms.

The management of liquidity risk is governed by the Whirlpool Corporation European treasury policy approved by their Group board of directors.

The central treasury department is responsible for the management of liquidity risk. Liquidity risk is managed by:

- maintaining a balanced capital structure;
- diversifying the various sources of finance;
- spreading the maturities of financial payables over an extended time horizon;
- maintaining unused committed lines of credit; and
- establishing limits for maturities and credit counterparts in the management of liquidity.

Notes (continued)

2 Financial risk management continued (continued)

Currency risk

Currency risk relates to the adverse effects of changes in the exchange rates for foreign currencies on the financial position of the company. The risk the Company is bearing is the transaction risk, namely the possibility that exchange rate fluctuations between the date when a financial commitment becomes probable or certain and the related transaction settlement date will give rise to a negative difference between the expected and actual cash flows.

The exchange rates used to translate foreign currency amounts and financial captions are set out in the following table.

Currency	2018		2017	
	Average exchange rate	Closing exchange rate	Average exchange rate	Closing exchange rate
GBP	0.88	0.89	0.88	0.88

The management of currency risk is governed by the Whirlpool Corporation European treasury department. The department use a combination of forwards and options to hedge against transaction risk.

Credit risk

The management of trade receivables, which represent the Company's principal credit risk exposure, is the responsibility of the Credit Committee (Managing Director, Commercial Director and Finance Director) and the credit manager, who evaluate and assign customer credit limits.

The credit risk associated with doubtful accounts subject to legal action for recovery or other overdue accounts is monitored on a daily basis.

Credit risk is measured on a specific basis by allocating a risk rating to each customer, based on an assessment of creditworthiness that distinguishes between the various types of customer. The risk rating is assigned by the credit manager, on examination for credit, following an assessment of creditworthiness that takes account of both subjective and objective information.

The objective elements considered include:

- analysis of financial statements;
- competitive positioning of the Company; and
- information about the potential customer obtained from databases:

The subjective elements considered include:

- acquired experience;
- network of relations; and
- assessment of the customer's growth prospects.

The credit rating for each customer is reviewed periodically.

The credit risk deriving from commercial transactions is mitigated by the use of debt factoring and the retention of title of goods.

Notes (continued)

3 General and administrative expenses

	2018 €000	2017 €000
Services - Indesit Company International Business S.A.	-	36

Auditor's remuneration for audit services to the Company amounted to €2,000 (2017: €2,000) and in both periods was borne by another group undertaking with no right of recharge.

4 Information regarding directors and staff costs

The Company had no employees in the year (2017: nil).

The directors who served in the year were executives of Whirlpool UK Appliances Limited and were remunerated for their services by that company. Three (2017: one) directors received total basic remuneration for the year of €563,000 (2017: €502,000), which was paid by Whirlpool UK Appliances Limited. The aggregate emoluments of the highest paid director was €505,000 (2017: €581,000). The directors do not believe that it is practicable to apportion this amount between their qualifying services as directors of the Company and their services as directors of other group undertakings.

5 Net financial charges

	2018 €000	2017 €000
Interest payable on amounts owed to fellow group undertakings		
- Merloni Domestic Appliances Limited	-	(708)
- Indesit Company International Business S.A.	(1,520)	(2,306)
- Indesit Company Luxembourg S.A.	(3,384)	(3,287)
- Whirlpool UK Appliances Limited (formerly Indesit Company UK Limited)	(1,136)	(2,614)
	(6,040)	(8,915)
Cash pool remuneration from Indesit Company International Business S.A.	118	-
Net foreign exchange loss	(182)	(365)
Total net financial charges	(6,104)	(9,280)

6 Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

The tax credit comprises as follows:

	2018 €000	2017 €000
Current tax credit		
Adjustment in respect of prior years	(139)	(1,936)

Notes (continued)

6 Tax on loss on ordinary activities (continued)

(b) Factors affecting the tax credit for the year

The standard rate for the year, based on the main UK rate of corporation tax, is 19% (2017: 19.25%). A reconciliation of the expected tax credit based on this standard rate to the total tax credit is as follows:

	2018 €000	2017 €000
Loss before tax	73,320	76,104
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	13,931	14,650
Effects of:		
Non tax deductible expenses – Amounts written off investments	(12,797)	(12,857)
Non tax deductible expenses – Other	(263)	(200)
Unrecognised tax losses carried forward	(871)	(1,593)
Adjustment in respect of prior years	(139)	(1,936)
Total tax credit in the statement of comprehensive income	(139)	(1,936)

(c) Factors that may affect future tax charges

In his budget on 16 March 2016, the Chancellor of the Exchequer announced to reduce the UK corporation tax rate to 17% on 1 April 2020, which was substantively enacted on 6 September 2016. The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the Company.

At 31 December 2018 the Company had tax losses available for offset against future taxable profits amounting to approximately €4,584,000 (2017: €8,274,000). The Company has not recognised a related deferred tax asset in relation to these losses and other timing differences amounting to €871,000 (2016: €1,593,000) at the balance sheet date as there is insufficient reliable evidence that the tax losses will be utilised in the foreseeable future against taxable profits.

Notes (continued)

7 Investments in subsidiary undertakings

	2018 €000	2017 €000
General Domestic Appliances Holdings Limited	91,861	91,861
Merloni Domestic Appliances Limited	49,464	49,464
Whirlpool France Holdings SAS	91,752	159,107
	<hr/>	<hr/>
	233,077	300,432
	<hr/>	<hr/>
The movement in investments was as follows		
	2018 €000	2017 €000
Cost		
At the beginning of year, end of year	1,014,674	1,014,674
Provision for diminution in value		
At the beginning	714,242	647,454
Charge for the year	67,355	66,788
	<hr/>	<hr/>
At end of the year	781,597	714,242
	<hr/>	<hr/>
Net book value at 31 December	233,077	300,432
	<hr/>	<hr/>

At the year end the directors undertook a formal impairment review in accordance with IAS 36 "Impairment of assets" of the carrying value of the investments through a comparison of the carrying value of each investment to its recoverable amount (based upon the higher of the value in use and the fair value less costs to disposal).

The value in use for the investments in General Domestic Appliances Holdings Limited and Merloni Domestic Appliances Ltd were calculated based upon discounted cash flows for the respective trading subsidiaries which included key assumptions of 10.0% discount rate, foreign exchange rate from Sterling to Euro of 1.118, Earnings before Interest and Tax margin of 2.6% and revenue growth assumptions of 2.0% per annum. As a result of the review the directors determined that the investment carrying values in General Domestic Appliances Holdings Limited and Merloni Domestic Appliances Ltd did not require an impairment.

The value in use for the investment in Whirlpool France Holdings SAS was calculated based upon discounted cash flows for the respective trading subsidiaries which included key assumptions of 10.0% discount rate, average Earnings before Interest and Tax margin of 1.1% and revenue growth assumptions of 2% per annum. As a result of the review the directors determined that the investment carrying value in Whirlpool France Holdings SAS were impaired by €67,355,000.

An impairment charge amounting to €67,355,000 was recognised in the year.

Notes (continued)

7 Investments in subsidiary undertakings (continued)

At 31 December 2018, the Company had investments in the following subsidiary undertakings:

Name of company	Percentage of ordinary shares held	Country of Incorporation	Nature of Business
General Domestic Appliances Holdings Limited	100.0%	England and Wales	Investment holding Company
Merloni Domestic Appliances Limited	80.4%	England and Wales	Non-trading company
Whirlpool France Holdings SAS	100.0%	France	Investment holding Company

The Company had investments in the following subsidiary undertakings via net investment in Whirlpool France Holdings SAS:

Name of company	Percentage of ordinary shares held	Country of Incorporation	Nature of Business
Whirlpool France SAS (formerly Indesit Company France SA)	100.0%	France	Manufacture, distribution and servicing of domestic appliances
Indesit Company Osterreich Ges.Mbh ¹	100.0%	Austria	Distributor of domestic appliances
Whirlpool Maroc ¹	0.02%	Morocco	Distributor of domestic appliances
Agora SA ¹	25.36%	France	Non-trading company
Eco Systeme SA ¹	10.0%	France	Environmental Services

¹Investment held indirectly through investment in Whirlpool France SAS (formerly Indesit Company France SA)

The Company had investments in the following subsidiary undertakings via its investment in General Domestic Appliances Holdings Limited:

Name of company	Percentage of ordinary shares held	Country of Incorporation	Nature of Business
Whirlpool UK Appliances Limited	100.0%	England and Wales	Manufacture, distribution and servicing of domestic appliances
Whirlpool Ireland Appliances Limited ²	100.0%	Republic of Ireland	Distributor of domestic appliances
Airdun Limited ²	100.0%	England and Wales	Dormant company
Cannon Industries Limited ²	100.0%	England and Wales	Dormant company
General Domestic Appliances International Limited ²	100.0%	England and Wales	Dormant company

Notes (continued)

7 Investments in subsidiary undertakings (continued)

Jackson Appliances Limited ²	100.0%	England and Wales	Dormant company
Xpelair Limited ²	100.0%	England and Wales	Dormant company

²Investment held indirectly through investment in Whirlpool UK Appliances Limited

8 Non-current receivables

	2018 €000	2017 €000
Receivables from other group undertakings		
- Whirlpool UK Appliances Limited	19,881	20,138
- General Domestic Appliances Holdings Limited	1,917	1,941
- Merloni Domestic Appliances Limited	6,114	6,057
Total non-current receivables	27,912	28,136

The directors consider that the receivables from other group undertakings are repayable within one to two years.

9 Current financial assets

	2018 €000	2017 €000
Cash pool remuneration from Indesit Company International Business S.A.	115	25

10 Cash and cash equivalents

Cash and cash equivalents include bank and cash deposits and overdrafts held with the Whirlpool Corporation European centralised treasury arrangement by Indesit Company International Business S.A. The changes in liquidity during the year are analysed in the Statement of Cash Flows.

	2018 €000	2017 €000
Cash and bank deposits	4	-
Bank overdraft held by Indesit Company International Business S.A.	(49,305)	(47,866)
Total cash and cash equivalents	(49,301)	(47,866)

Notes (continued)

11 Share capital & share premium

	2018 €000	2017 €000
<i>Allotted, called up and fully paid</i>		
163,000,000 Ordinary shares of €1 each (2017: 182,043,000 Ordinary shares of €1 each)	163,000	163,000
Share premium	388,218	388,218

On the 23 May 2017 the Company reduced its share capital by €19,043,000 by cancelling and extinguishing 19,043,000 ordinary shares of EUR 1 each and at the same moment transferred €19,043,000 to the distributable reserves.

12 Non-current financial payables

	2018 €000	2017 €000
Loans from fellow group undertakings		
- Indesit Company International Business S.A.	114,955	114,420
- Indesit Company Luxembourg S.A.	111,270	111,270
- Whirlpool UK Appliances Limited	134,500	134,500
Total non-current financial payables	360,725	360,190

The amounts repayable are as follows:

- loan with Indesit International Business S.A. is due for repayment on 22 July 2022 and bears interest at a rate of IBOR + 113 basis points
- loan with Indesit Company Luxembourg S.A. is due for repayment on 22 July 2037 and bears interest at a rate of 3.0% per annum.
- loan with Whirlpool UK Appliances Limited (formerly Indesit Company UK Limited) is due for repayment on 22 July 2022 and bears interest at a rate of IBOR + 113 basis points

13 Non-current other payables

	2018 £000	2017 £000
Amounts due to group undertakings		
- Whirlpool UK Appliances Limited	280	280

The directors consider that the payables from other UK group undertakings are repayable within one to two years

Notes (continued)

14 Financial payables

	2018 £000	2017 £000
Interest payable to fellow group undertakings		
- Indesit Company International Business S.A.	908	422
- Indesit Company Luxembourg S.A.	4,868	1,484
- Whirlpool UK Appliances Limited	525	507
Cash pool remuneration – Indesit Company International Business S.A	8	35
	<hr/>	<hr/>
Total financial payables	6,309	2,448
	<hr/>	<hr/>

15 Contingent liabilities

There are no contingent liabilities that the directors are aware of at 31 December 2018 (2017: *£nil*).

16 Transactions with related parties

The Company which is incorporated in the England and Wales and controlled by Indesit Company Luxembourg S.A., by virtue of its holding of 100% of the voting share capital of the Company at the balance sheet date.

The Company's ultimate controlling party is the Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America.

Transactions with other companies within the Whirlpool Corporation group are as follows:

Whirlpool UK Appliances Limited

At the year end the non-current receivable balance amounted to €19,881,000 (2017: €20,138,000), a non-current financial payable of €134,500,000 (2017: €134,500,000), a non-current other payable of €280,000 (2017: €280,000), and a financial payable of €525,000 (2017: €507,000). Transactions during the year were an interest expense of €1,136,000 (2017: €2,614,000).

Indesit Company International Business S.A.

At the year end the current financial assets balance relating to cash pool remuneration of €115,000 (2017: €25,000), cash and cash equivalents balance amounted to an overdraft of €49,305,000 (2017: overdraft of €47,866,000), a non-current financial payable of €114,955,000 (2017: €114,420,000), and a financial payable of €916,000 (2017: €422,000). Transactions during the year were as follows: general and administration expenses of €nil (2017: €35,000), an interest expense of €1,520,000 (2017: €2,306,000) and cash pool remuneration of €118,000 (2017: €nil).

Indesit Company Luxembourg S.A.

At the year a non-current financial payable of €111,270,000 (2017: €111,270,000) and a financial payable of €4,868,000 (2017: €1,484,000). Transactions during the year were an interest expense of €3,384,000 (2017: €3,287,000).

Merloni Domestic Appliances Limited

At the year end the Company held an 80.4% investment in Merloni Domestic Appliances Limited with a carrying value of €nil (2017: €49,464,000). At the year end the non-current receivable balance amounted to €6,114,000 (2017: €6,057,000), a non-current financial payable of €nil (2017: €nil) and a financial payable of €nil (2017: €nil). Transactions during the year were an interest expense of €nil (2017: €708,000).

Notes (continued)

16 Transactions with related parties (continued)

General Domestic Appliances Holdings Limited

At the year end the Company held a 100% investment in General Domestic Appliances Holdings Limited with a carrying value of €91,861,000 (2017: €91,861,000). At the year end the non-current receivable balance amounted to €1,917,000 (2017: €1,941,000).

Whirlpool France Holdings SAS

At the year end the Company held a 100% investment in Whirlpool France Holdings SAS with a carrying value of €159,107,000 (2017: €159,107,000).

17 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Indesit Company Luxembourg S.A which is the immediate parent company, incorporated in Luxembourg. The ultimate parent undertaking and ultimate controlling party is Whirlpool Corporation.

The smallest and largest group in which the results of the Company for the year ended 31 December 2018 are consolidated is that headed by Whirlpool Corporation, a company incorporated in the state of Delaware in the United States of America. Copies of the consolidated financial statements of Whirlpool Corporation are available from www.whirlpool.com.